

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

EXHIBIT 6

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Federal lawmakers tell FEMA to drop bid for billions out of PG&E's settlement with wildfire victims

Julie Johnson; The Press Democrat, Santa Rosa, Calif.

Jan. 11-- Jan. 11--A group of federal lawmakers from California is urging the Federal Emergency Management Agency to drop its bid to get about one-quarter of the \$13.5 billion trust PG&E is setting aside to pay wildfire victims, saying the move risks undermining a fund designed to help families still struggling to rebuild their lives.

Addressed to FEMA acting administrator Peter Gaynor, the letter by North Bay Reps. Mike Thompson and Jared Huffman and signed by 36 of their colleagues questioned the agency's claim PG&E should reimburse the federal government for the \$4 billion it spent assisting victims of recent California wildfires.

"We believe this decision by FEMA jeopardizes the intended purpose of the fund, which was established to provide some measure of justice and restitution to thousands of households victimized by wildfires in Northern California in 2017 and 2018," the letter said.

FEMA's claims -- amounting to nearly \$4 billion -- are controversial because they would come out of the \$13.5 billion sum PG&E agreed to pay wildfire victims to settle their claims against the utility in its bankruptcy case. Those negotiations took place before FEMA filed paperwork detailing its demands for compensation.

FEMA officials said the agency is bound by federal statute to seek reimbursement for any type of aid -- including legal settlements -- received by disaster victims and local governments that might duplicate what they got from the federal government.

Also, the agency is pursuing total compensation for its wildfire assistance because the law requires the agency to obtain reimbursement from any entities that intentionally caused a disaster.

FEMA spokesman David Passey said the agency is sympathetic to the lawmakers' goal to advocate for wildfire victims, but asserted FEMA officials believe the agency is legally required to pursue its claims in PG&E's bankruptcy case.

"We have no interest in reducing the amount of settlement survivors receive from PG&E," Passey said. "Our interest is in holding PG&E responsible for fires their equipment caused that led to federal assistance. And we do have a legal responsibility to ensure federal disaster assistance isn't duplicated by other assistance."

The agency is facing pushback from lawmakers and some fire victims, who will all have a chance to vote for or against the deal.

Santa Rosa resident Jim Finn, who lost his home in the 2017 Tubbs fire, said that he's among those who feel the FEMA claim could be a deal breaker in a settlement he otherwise supports.

"FEMA has the opportunity to get reimbursed through its normal funding sources, mostly taxes, and they do not need to claim any money from fire victims," Finn said.

Thompson, a Napa Democrat, said he was troubled that FEMA would seek payment from the same fund meant to compensate victims. PG&E has reached separate agreements with local government agencies and insurance companies to settle those claims in U.S. Bankruptcy Court, which would have been more appropriate for FEMA to target, he said.

"The reason we have FEMA is to step in and help when there is a disaster," Thompson said. "You don't step in and help with one hand and take away with the other hand."

FEMA's effort to seek compensation could make future disaster victims reluctant to work with the agency, he said.

---- Index References ----

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